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U.S. Called Lax By House Panel In Fighting Spies

'Puzzling' Attitude Cited in Intelligence Report

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WASHINGTON, Feb. 4 — The House Intelligence Committee said today that an investigation had uncovered "dangerous laxity" and serious "security failures" in the Government's system of catching spies.

Even though 27 Americans have been charged with espionage in the last two years, and all but one of those brought to trial has been found guilty, the committee said in a report that it still found "a puzzling, almost nonchalant attitude toward recent espionage cases on the part of some senior U.S. intelligence officials."

The 18-month committee investigation that resulted in the unusual, highly critical public report issued this evening was prompted by the spate of espionage cases beginning in the spring of 1985, when John Walker, his son, his brother and his friend all were arrested on charges of spying for the Soviet Union.

Huge Costs of Modification

At the time, American officials said the Walker spy ring, centered in the United States Navy, had been the most damaging in American history, and officials said it would cost billions of dollars to modify equipment, procedures and personnel to compensate for the secrets given away to the Soviet Union. As a result, the Reagan Administration undertook a major public program to overhaul the counterintelligence apparatus.

Even though the Democratic-controlled House intelligence panel said it "applauds these efforts" the report says the committee still found "serious security deficiencies" and "manifest failures" that were results of major problems in the system rather than "mere aberrations in the system or unavoidable risks."

Nancy Pherson, a spokesman for the Central Intelligence Agency, had no immediate comment on the report and said she doubted the agency would make any public comment in the future on the committee's findings.

The report said, "Any one of the weaknesses identified by the committee, taken alone, would be of concern. What has emerged is a pattern that causes deep dismay about the way U.S. intelligence is managed."

The investigation found "faulty hiring practices, poor management of probationary employees, thoughtless firing practices, lax security practices, inadequate interagency cooperation — even bungled surveillance of a prime espionage suspect."

All of that, it added, "is a litany of disaster."

'Laxity' in Computer Security

Among the committee's findings are these:

¶ "Senior managers of U.S. intelligence agencies have downplayed the seriousness of counterintelligence and security failures and have not taken adequate measures to correct deficiencies."

¶ "Dangerous laxity exists in the communications and computer security practices of many Federal agencies."

¶ "Background investigations of people being considered for sensitive positions are so superficial that they 'often do not discover alcohol, drug and financial problems.' Intelligence agencies display 'a disturbing lack of judgment' in their hiring practices."

¶ "Intelligence officials view employees who have passed polygraph examinations as 'an elite of unquestionably loyal employees,' even though in recent years several foreign spies have 'successfully passed Central Intelligence Agency polygraph exams.'"

¶ "Even when espionage is suspected, the various intelligence agencies such as the C.I.A. and the National Security Agency fail to cooperate with each other to limit damage."

¶ "Too many people are given clearance to see confidential information, and then they are allowed to see far more sensitive information than they actually need to carry out their jobs."

¶ "Once an employee is cleared to handle confidential information, the employee is seldom rechecked to see whether if circumstances have changed."

Case of C.I.A. Officer

The committee found the case of Edward Lee Howard, a former officer of the Central Intelligence Agency who spied for the Soviet Union and now lives in Moscow, particularly distressing.

Even though he "betrayed the most sensitive operations of the United States in Moscow" when his activities were discovered after the agency dismissed him for other problems in 1985, he was allowed to slip away while under surveillance by the Federal Bureau of Investigation.

The committee suggested that Mr. Howard never should have been hired because he had an "extensive history of using hard drugs" This "serious error was compounded," the report said, when he was given highly confidential information "before his probationary period had been completed."

Questions on How He Was Hired

Even after he fled to the Soviet Union, the report said, "C.I.A. management focused more attention and action on the manner by which Howard was fired" and "gave relatively little attention to how he was hired in the first place."

The report added: "The committee is disturbed that one C.I.A. manager testified that no one was responsible for hiring Howard, that 'the system' hired him."

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